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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

JUL 25 2001

DOCKETED BY

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WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

IN THE MATTER OF THE COMMISSION'S)
BIENNIAL ASSESSMENT, PURSUANT TO)
A.R.S. § 40-360.02.E, OF THE ADEQUACY)
OF EXISTING AND PLANNED TRANSMISSION)
FACILITIES TO MEET ARIZONA'S ENERGY)
NEEDS IN A RELIABLE MANNER)

DOCKET NO. E-00000A-01-0120

DECISION NO. 63876

ORDER

Open Meeting

July 23, 2001

Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. The Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission"), completed its first biennial assessment of Arizona's existing and planned transmission system and filed the Biennial Transmission Assessment, 2000-2009 ("Assessment") with the Commission on March 1, 2001. The report was mailed to interested parties.

2. In an April 17, 2001 Open Meeting, the Commissioners directed Staff to hold workshops to gather stakeholders input. Workshops were held on May 10, 2001 and June 22, 2001.

3. The input received from the workshops and written comments of the parties were incorporated into a Revised Biennial Transmission Assessment ("Revised Assessment"), which was filed on July 12, 2001.

4. Staff's Revised Assessment reviews the Ten Year Plans filed by persons contemplating construction of transmission lines within the state, and makes findings and recommendations concerning the adequacy and reliability of Arizona's existing and planned transmission system.

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1 5. Staff believes that Assessment of the adequacy and reliability of Arizona's transmission
2 requires actual technical studies. However, because the Commission currently has neither the
3 required data nor the resources to perform the necessary technical studies, Staff relied upon its
4 industry experience and knowledge of Arizona's transmission system to analyze technical reports
5 published by others in formulating its findings and recommendations.

6 6. Staff's Revised Assessment concludes that the State of Arizona does not have adequate
7 existing or planned transmission facilities to deliver the energy needs of the state in a reliable manner,
8 and that planned transmission enhancements are both inadequate and untimely.

9 7. Staff's conclusions are:

- 10 a. There is very little additional long-term firm regional transmission capacity
11 available to export or import energy over Arizona's transmission system.
- 12 b. Southeastern Arizona utilities rely upon restoration of service rather than
13 continuity of service following transmission outages due to service via radial
14 transmission lines.
- 15 c. Transmission import constraints exist for three geographical load zones in
16 Arizona: Phoenix metropolitan area, Tucson, and Yuma, and planned
17 transmission enhancements fail to resolve this situation in a timely manner.
- 18 d. The large generation complex currently developing at Palo Verde will be the
19 largest in the nation and will serve as the ultimate test for new reliability
20 standards. Existing and planned additions to the Palo Verde transmission system
21 fail to accommodate the full output of all new power plants proposing to
22 interconnect at Palo Verde, requiring curtailment and scheduling restrictions to
23 be developed.
- 24 e. Some proposed power plants are being interconnected to Arizona's bulk
25 transmission system via a single transmission line or tie rather than continuing
26 Arizona's best engineering practice of multiple lines emanating from power
27 plants.

28 8. Staff recommends that the Commission continue to advocate for and participate in
industry review and development of new reliability criteria more suited to restructured electric
industry.

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12. The Commission finds that recommendations 8-11 are in the public interest because they are designed to address the adequacy of the state's existing and planned transmission facilities to meet Arizona's energy needs in a reliable manner, both in the short term and in the long term.

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1 IT IS FURTHER ORDERED that Staff recommendations in Finding of Facts Nos. 8-11 are
2 hereby adopted by the Commission.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

5
6 CHAIRMAN

COMMISSIONER

COMMISSIONER

7 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
8 Secretary of the Arizona Corporation Commission, have
9 hereunto, set my hand and caused the official seal of this
10 Commission to be affixed at the Capitol, in the City of
11 Phoenix, this 25th day of July, 2001.

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13 BRIAN C. McNEIL
14 Executive Secretary

15 DISSENT: _____

16 DRS:ADE:jbc/JMA
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